CITY LIGHTS INSURANCE COMPANY

FINANCIAL STATEMENTS
December 31, 2022 and 2021

CITY LIGHTS INSURANCE COMPANY

FINANCIAL STATEMENTS
December 31, 2022 and 2021

CONTENTS

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholder of
City Lights Insurance Company

Opinion

We have audited the financial statements of City Lights Insurance Company (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in shareholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of City Lights Insurance Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year from the date the financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Restriction of Use

Our report is intended solely for the information and use of the Board of Directors, management of City Lights Insurance Company and the New York State Department of Financial Services to whose jurisdiction the Company is subject and is not intended to be and should not be used by anyone other than these specified parties.

Crowe LLP

Crowe LLP

West Hartford, Connecticut
June 21, 2023

CITY LIGHTS INSURANCE COMPANY
BALANCE SHEETS
December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash	$ 4,533,178	$ 3,950,031
Deferred acquisition costs	2,262	2,487
Prepaid expenses	429	594
Total assets	$ 4,535,869	$ 3,953,112
LIABILITIES AND SHAREHOLDER'S EQUITY		
Liabilities:		
Unearned premiums	$ 310,705	$ 308,589
Accounts payable and accrued liabilities	27,721	16,513
Total liabilities	338,426	325,102
Shareholder's equity:		
Common stock, $1 par value, 100,000 shares authorized; 100,000 shares issued and outstanding	100,000	100,000
Additional paid-in capital	1,900,000	1,900,000
Retained earnings	2,197,443	1,628,010
Total shareholder's equity	4,197,443	3,628,010
Total liabilities and shareholder's equity	$ 4,535,869	$ 3,953,112

The accompanying notes are an integral part of these financial statements.

CITY LIGHTS INSURANCE COMPANY
STATEMENTS OF OPERATIONS
Years Ended December 31, 2022 and 2021

	2022	2021
Revenues:		
Earned premiums	$ 684,705	$ 576,753
Expenses:		
General and administrative expenses	115,272	86,430
Total expenses	115,272	86,430
Net income	$ 569,433	$ 490,323

The accompanying notes are an integral part of these financial statements.

CITY LIGHTS INSURANCE COMPANY
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY
Years Ended December 31, 2022 and 2021

	Common Stock		Additional Paid-in	Retained	
	Shares	Amount	Capital	Earnings	Total
Balance as of January 1, 2021	100,000	$ 100,000	$ 1,900,000	$ 1,137,687	$ 3,137,687
Net income	-	-	-	490,323	490,323
Balance as of December 31, 2021	100,000	100,000	1,900,000	1,628,010	3,628,010
Net income	-	-	-	569,433	569,433
Balance as of December 31, 2022	100,000	$ 100,000	$ 1,900,000	$ 2,197,443	$ 4,197,443

The accompanying notes are an integral part of these financial statements.

CITY LIGHTS INSURANCE COMPANY
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities:		
Net income	$ 569,433	$ 490,323
Net adjustments to reconcile net income to net cash provided by operating activities:		
Net changes in assets and liabilities:		
Deferred acquisition costs	225	1,621
Prepaid expenses	165	8,788
Unearned premiums	2,116	43,816
Accounts payable and accrued liabilities	11,208	5,107
Net cash provided by operating activities	583,147	549,655
Net change in cash	583,147	549,655
Cash, beginning of year	3,950,031	3,400,376
Cash, end of year	$ 4,533,178	$ 3,950,031

The accompanying notes are an integral part of these financial statements.

NOTE 1 - GENERAL

City Lights Insurance Company (the Company) is a single parent captive wholly owned by the New York City Economic Development Corporation (the Parent). The Company was incorporated on May 26, 2016 and commenced operations in the State of New York on July 1, 2016. The Company provides terrorism, cyber risk and flood coverage to the Parent and various qualifying affiliates. These coverages are further described in Note 3.

Since the Company is wholly owned by the Parent and provides insurance to the Parent and affiliated entities only, its financial results may not be indicative of those of a stand-alone entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as promulgated by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as accepted by the State of New York Department of Financial Services which differs from GAAP, as promulgated by the Governmental Accounting Standards Board (GASB) as applied to governmental entities subject to it such as the Company. The differences between FASB and GASB are not material to these financial statements.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash: Cash consists of amounts on deposit with JP Morgan Chase. The Federal Deposit Insurance Corporation (FDIC) insures cash balances up to $250,000 per depositor, per bank. It is the Company's policy to monitor the financial strength of the bank's that hold its deposits on an ongoing basis. The Company maintains deposits in excess of the FDIC insurance limits in the normal course of business.

Deferred Policy Acquisition Costs: Policy acquisition costs consist of premium and assessment taxes directly associated with the successful underwriting of insurance policies and are expensed over the terms of the related policies. Accordingly, deferred policy acquisition costs are established applicable to the unexpired period of policies in force and are included in deferred policy acquisition costs on the balance sheets. Policy acquisition costs expensed amounted to $8,565 and $10,181 for the years ended December 31, 2022 and 2021, respectively.

Revenue Recognition: Premiums are earned ratably over the terms of the policies to which they relate. The portion of premiums that will be earned in the future is deferred and reported as unearned premiums on the balance sheets.

Premium Deficiency: The Company recognizes premium deficiencies when there is a probable loss on an insurance contract. Premium deficiencies are recognized if the sum of expected losses and loss adjustment expenses (LAE), expected policyholder dividends, and maintenance costs exceed unearned premiums and anticipated investment income. No premium deficiencies were recognized for the years ended December 31, 2022 and 2021.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Bad Debts: The Company uses the allowance method to record bad debts. The Company records an allowance for doubtful accounts against its outstanding premiums receivable, which is based on management's estimation of bad debts in the near term. As of December 31, 2022 and 2021, the Company did not record an allowance for doubtful accounts as the premiums receivable is $0 as of December 31, 2022 and 2021.

Unpaid Losses and Loss Adjustment Expenses: The liability for unpaid losses and loss adjustment expenses (LAE) includes case basis estimates of reported losses. There were no claims reported to the Company as of December 31, 2022 and 2021. The Company provides coverage that is low frequency and high severity in nature and as such any losses incurred are known immediately to the Company. Therefore, the Company does not consider an incurred but not reported reserve in estimating its liability for unpaid losses and LAE. Management believes that there is no liability for unpaid losses and LAE at December 31, 2022 and 2021 based upon the available data, of the amount necessary to cover the ultimate cost of losses; however, because of the nature of the insured risks and limited historical experience, actual loss experience may not conform to the assumptions used in determining the estimated amounts for such liability at the balance sheet dates. Accordingly, the ultimate liability could vary significantly from the amount indicated on the balance sheets. As adjustments to this estimate become necessary, such adjustments are reflected in current operations. Such changes may be material to the results of operations and could occur in a future period.

Federal Income Taxes: The Company's income is excludable from gross income under section 115 of the Internal Revenue Code.

The Company accounts for uncertain tax positions in accordance with certain provisions of FASB ASC 740, "Income Taxes", which provides a framework for how companies should recognize, measure, present and disclose uncertain tax positions in their financial statements. Under FASB ASC 740, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Company did not record any unrecognized tax benefits as of December 31, 2022 and 2021.

FASB ASC 740 also provides guidance on recognition, classification, interest and penalties, disclosure and transition. The application of these provisions of FASB ASC 740 did not have any impact on the accompanying financial statements. Tax years from 2019 and forward are open and subject to examination.

Subsequent Events: Subsequent events have been evaluated through June 21, 2023, which is the date the financial statements were available to be issued.

NOTE 3 - INSURANCE ACTIVITY

The Company provides excess cyber liability to the Parent and each company that is more than 50% owned and controlled by the Parent, with limits of $9,000,000 per claim and in the aggregate, excess of $5,000,000 of underlying insurance and self-insured retentions.

(Continued)

NOTE 3 - INSURANCE ACTIVITY (Continued)

Effective July 1, 2016, the Company also began directly providing terrorism insurance for acts of Nuclear, Biological, Chemical or Radiological terrorism (NBCR), with limits of $6,000,000 per occurrence and in the aggregate for any one certified act of terrorism.

The excess cyber liability and NBCR policies provided by the Company cover certified terrorism losses as defined under the Terrorism Risk Insurance Act of 2002 (TRIA) and the subsequent extensions of TRIA through 2027. TRIA provides for a system of shared public and private compensation for insured losses resulting from certified acts of terrorism. TRIA protection is only triggered if there is a certified act of terrorism and losses reach an industry insured loss trigger of $200,000,000 in 2022 and 2021.

The terrorism coverage provided by the Company during 2022 and 2021 is eligible for 80% coinsurance, provided by the United States Treasury in excess of a statutorily calculated deductible. The Company fully reinsures the 20% retention under TRIA. The captive deductible under TRIA is equal to 20% of the prior year direct premiums earned as defined in TRIA. There were no losses incurred or paid as of December 31, 2022 and 2021.

Effective December 10, 2018, the Company began directly providing flood deductible and self-insured retention reimbursement coverage for locations not covered by a National Flood Insurance Program or located in Special Flood Hazard Areas as defined by the Federal Emergency Management Agency to the Parent and its affiliates, with limits ranging from $500,000 to $1,000,000 in excess of a $25,000 deductible per occurrence, with no aggregate limits.

Reserve for Unpaid Losses and Loss Adjustment Expenses: Reserves for unpaid losses and LAE represent management's best estimate of the Company's ultimate liability for losses and LAE relating to claims made prior to the end of any given accounting period but have not yet been paid. As of December 31, 2022 and 2021, there have been no claims reported related to the Company's excess cyber liability, NBCR, and flood coverages and management believes that no reserves are required. In the event of a claim reported under these coverages, reserves for unpaid losses and LAE would represent management's best estimate based upon expected possible outcome that projects the Company's ultimate liability for unpaid losses and LAE. Additionally, as there have been no claims reported, as of December 31, 2022 and 2021, there have been no allocated LAE. For the years ended December 31, 2022 and 2021, there were no payments of losses and LAE.

The claims frequency metric represents the number of unique claim events for which benefits have been approved and payments made. Claim events are identified using a unique claimant identifier and incurred date. There have been no claims reported as of December 31, 2022 and 2021.

A reconciliation of written and earned premiums for the years ended December 31, 2022 and 2021 is as follows:

	Premiums Written	Premiums Earned	Premiums Written	Premiums Earned
Direct premiums	$ 686,821	$ 684,705	$ 620,569	$ 576,753

(Continued)

NOTE 4 - RELATED PARTY TRANSACTIONS AND SERVICE AGREEMENT

The Company has no employees. Accounting and reporting services, record retention and other management services are provided by Marsh Management Services Inc. pursuant to a management agreement.

NOTE 5 - SHAREHOLDER'S EQUITY AND RECONCILIATION TO ANNUAL REPORT

The State of New York captive insurance statutes require $250,000 in minimum surplus to be maintained by a single parent captive insurance company. The Company has total capital of $4,197,443 and $3,628,010 as of December 31, 2022 and 2021, respectively. No dividends were declared or paid by the Company as of December 31, 2022 and 2021.

There were no material differences between the Company's Annual Statement, as filed with the New York State Department of Financial Services, to the amounts shown in the accompanying financial statements as of December 31, 2022 and 2021.

City Lights Insurance Company

One Liberty Plaza, New York, NY 10006

June 21, 2023

Crowe LLP

62 Memorial Road

Suite 100

West Hartford, CT 06107

Ladies and Gentlemen:

We are providing this letter in connection with your audit of the financial statements of City Lights Insurance Company as of December 31, 2022 and 2021 for the years then ended for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters less than $33,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm, to the best of our knowledge and belief, as of the date of this letter, the following representations made to you during your audits:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 23, 2022, for the preparation and fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States, and we believe the financial statements are fairly presented.
2. We have the ability and expertise to prepare the financial statements, including all related footnote disclosures. We have directed Crowe to assist us in drafting the financial statements and footnote disclosures. We have reviewed the financial statements and footnote disclosures and take full responsibility for the fair presentation of the financial statements as a whole and the completeness of related footnote disclosures.
3. We have appropriately reconciled our books and records (e.g., general ledger accounts) underlying the financial statements to their related supporting information (e.g., sub ledger or third-party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements, as necessary. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a balance sheet account, which should have been written off to an income statement account and vice versa. All intracompany accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.
4. We are responsible for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to error or fraud. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. All transactions have been recorded in the accounting records and reflected in the financial statements.
6. We have provided you:
    a. Access to all financial records, documentation, and other information that is relevant to the preparation and fair presentation of the financial statements;
    b. Additional information that you have requested from us for the purpose of the audit;
    c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence;
    d. All minutes of stockholders, directors, and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared;
    e. All regulatory examination reports and correspondence to and from regulatory agencies, including communications concerning compliance with laws and regulations or supervisory actions and have provided you with access to all

examination reports and correspondence from the New York State Department of Financial Services related to these examinations;

f. Results of the assessment of risk that the financial statements may be materially misstated as a result of fraud.

7. Except as disclosed in the financial statements, or directly to you, there are or have been no material:

a. Capital stock repurchase options or agreements or capital stock reserved for options, warrants, conversions or other requirements, or oral or written agreements to repurchase assets previously sold;

b. Arrangements, either written or oral, with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and line-of-credit or similar arrangements;

c. Oral or written guarantees or warranties, agreements to repurchase items sold, or inventory shipped on approval or consignment;

d. Other financial instruments with significant “off-balance-sheet” risk of accounting loss to which the Company is a party;

e. Concentrations that make the Company vulnerable to the risk of a severe impact within one year from the balance sheet date (including, for example, individual or group concentrations of customers, suppliers, lenders, products, services, sources of labor or materials, licenses or other rights, operating areas, or markets);

f. Significant accounting estimates that are susceptible to changing materially as a result of an event or change in conditions that is reasonably possible of occurrence within one year from the balance sheet date;

g. Liens, encumbrances or other title impairments, such as pledges as collateral, on Company assets at the balance sheet date;

h. Restrictions under borrowing agreements;

i. Unrecorded transactions;

j. Significant events that have occurred subsequent to the balance sheet date through the date of this letter that would require adjustment to, or disclosure in, the financial statements;

k. Expenditures deferred to future periods that are not recoverable;

l. Sales of loans or other items with recourse provisions;

8. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered by management when preparing the financial

statements. These matters have been accounted for and disclosed in conformity with accounting principles generally accepted in the United States. We have not consulted with or been represented by legal counsel during the period audited to the date of this letter regarding any litigation, claims, or assessments, asserted or unasserted.

9. All related parties and all related party relationships and transactions, and related amounts receivable or payable, including sales, purchases, loans, transfers, leasing arrangements and guarantees, have been disclosed to you and have been appropriately accounted for and disclosed in the financial statements in accordance with the requirements of accounting principles generally accepted in the United States.
10. We have no knowledge of any fraud or suspected fraud affecting the Company involving:
    a. Management, whether material or not;
    b. Consultants and others who have significant roles in internal control, whether material or not;
    c. Others when the fraud could have a material effect on the financial statements.
11. We have no knowledge of any allegations of fraud or suspected fraud affecting the Company's financial statements received in communications from the Parent Company's employees, former employees of the Parent Company, consultants, analysts, regulators, or others.
12. There have been no:
    a. Instances of non-compliance or suspected non-compliance with laws or regulations whose effects should be considered when preparing the financial statements;
    b. Other material liabilities or gain or loss contingencies that are required to be accrued or disclosed by FASB ASC 450;
    c. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices that could have a material effect on the financial statements;
    d. Side agreements or other arrangements (either written or oral).
13. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
14. To the best of our knowledge, there were no effects of cybersecurity risks and actual breaches that required accounting recognition or disclosure in the financial statements.
15. We are responsible for all significant estimates and judgments affecting the financial statements. Significant estimates and judgments and their underlying assumptions, methods, procedures and the source and reliability of supporting data are reasonable and based on applicable guidance and are appropriately disclosed in the financial statements. The

procedures and methods utilized in developing assumptions, estimates and judgments are appropriate and have been consistently applied in the periods presented. There have been no subsequent events which would require the adjustment of any significant estimate or related disclosures.

16. Management is not aware of any claims that should be recorded as of December 31, 2022 and 2021.

17. All cash and deposit accounts and all other properties and assets of the Company are included in the financial statements. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, collateral posted, or similar arrangements have been properly disclosed in the financial statements.

18. We consistently applied our policy regarding classification of cash and cash equivalents, which are short-term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that there is insignificant risk of changes in value due to interest rate or other credit risk changes.

19. We have entered into the captive insurance transaction for business reasons which are primarily to provide insurance coverages to our affiliated entities and not solely for tax purposes.

20. We have not been contacted by any regulatory agencies including the Internal Revenue Service concerning compliance with laws and regulations or supervisory actions or any federal tax matter of any of our companies that would have a financial impact on the Company.

21. We provided you with all information related to significant income tax uncertainties of which we are aware. We also provided you with access to all opinions and analyses that relate to positions we have taken regarding significant income tax matters.

22. During the course of your audit, we have provided to you physical or electronic copies of various original documents. We understand that you are relying on such copies as audit evidence in your audit and represent that the copies provided are an accurate and complete representation of the original documentation and that the copies have not been modified from their original version.

23. We have considered the effects of the Coronavirus pandemic on our business. In all material respects, the financial statements appropriately reflect the impact of this pandemic on our business, including appropriate disclosure of related risks and uncertainties. In addition, the financial statements include assumptions and estimates we believe are reasonable in light of the pandemic.

DocuSigned by:
SPENCER HOBSON
58C4564E2E9F432...

Spencer Hobson - Treasurer, City Lights Insurance Company

DocuSigned by:
Feiona Churaman
8F32ACA3184B486...

Feiona Churaman - Vice President, Marsh Management Services Inc.

Crowe
Crowe LLP
Independent Member Crowe Global

To the Board of Directors and Shareholder of
City Lights Insurance Company
New York, New York

To the Board of Directors of City Lights Insurance Company:

We were engaged by City Lights Insurance Company (the Company) to perform annual audits in accordance with auditing standards generally accepted in the United States of America of the Company's statutory financial statements. In connection therewith, we acknowledge the following:

> We are aware of the provisions relating to the accounting and financial reporting matters in the Insurance Code of New York and the related rules and regulations of the Insurance Department of New York that are applicable to audits of statutory financial statements of insurance entities. Also, after completion of our audit, we expect that we will issue our report on the statutory financial statements of City Lights Insurance Company as to their conformity with accounting principles generally accepted in the United States of America.

This letter is intended solely for the information and use of the Insurance Department of New York and is not intended to be, and should not be, used for anyone other than these specified parties.

Crowe LLP

Crowe LLP

West Hartford, Connecticut
June 21, 2023

Crowe LLP
Independent Member Crowe Global

To the Board of Directors and Shareholder of
City Lights Insurance Company

Professional standards require that we communicate certain matters to keep you adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We communicate such matters in this report.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

Our responsibility is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. Refer to our engagement letter with the Company for further information on the responsibilities of management and of Crowe LLP.

COMMUNICATIONS REGARDING OUR INDEPENDENCE FROM THE COMPANY

Auditing standards generally accepted in the United States of America require independence for all audits, and we confirm that we are independent auditors with respect to the Company under the independence requirements established by the American Institute of Certified Public Accountants.

Additionally, we wish to communicate that we have the following relationships with the Company that do not impair our independence but which, in our professional judgment, may reasonably be thought to bear on our independence and that we gave significant consideration to in reaching the conclusion that our independence has not been impaired.

Relationship	Safeguards
Non-Audit Services: We were engaged to perform the following non-audit services during your last fiscal year: • Assistance with preparation of your financial statements.	We believe your management is capable of evaluating and taking responsibility for their management decisions regarding our services, and we did not assume the role of an employee or of management of the Company in performing and reporting on our services.

PLANNED SCOPE AND TIMING OF THE AUDIT

We are to communicate an overview of the planned scope and timing of the audit. Accordingly, the following matters regarding the planned scope and timing of the audit were considered during our planning of the audit.

- How we proposed to address the significant risks of material misstatement, whether due to fraud or error.
- Our approach to internal control relevant to the audit.
- The concept of materiality in planning and executing the audit, focusing on the factors considered rather than on specific thresholds or amounts.
- The nature and extent of specialized skills or knowledge needed to plan and evaluate the results of the audit, including the use of an auditor's expert.
- Where the entity has an internal audit function, the extent to which the auditor will use the work of internal audit, and how the external and internal auditors can best work together.
- Your views and knowledge of matters you consider warrant our attention during the audit, as well as your views on:
  - The allocation of responsibilities between you and management.
  - The entity's objectives and strategies, and the related business risks that may result in material misstatements.
  - Significant communications between the entity and regulators.
  - Other matters you believe are relevant to the audit of the financial statements.

SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Critical Accounting Policies and Estimates: We are required to discuss with you our judgment about the Company's critical accounting policies and estimates. Critical accounting policies and estimates are those that are both most important to the portrayal of the Company's financial condition and results of operation and require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Significant Accounting Policies: The Board of Directors should be informed of the initial selection of and changes in significant accounting policies or their application. Also, the board of directors should be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform the board of directors about such matters. There were no such accounting changes or significant policies requiring communication.

Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management's current judgments and may be subject to significant change in the near term.

The following describes the significant accounting estimates reflected in the Company's year-end financial statements, the process used by management in formulating these particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Uncertain Income Tax Positions	Management evaluates all tax positions taken and planned for each applicable tax jurisdiction. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.	We reviewed the reasonableness of the assumptions, including the likelihood of the Company's tax positions being sustained.

AUDITOR'S JUDGMENTS ABOUT QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

We are to discuss with you our comments about the following matters related to the Company's accounting policies and financial statement disclosures. Accordingly, these matters will be discussed during our meeting with you.

- The appropriateness of the accounting policies to the particular circumstances of the entity, considering the need to balance the cost of providing information with the likely benefit to users of the entity's financial statements.
- The overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- The effect of the timing of transactions in relation to the period in which they are recorded.
- The potential effect on the financial statements of significant risks and exposures, and uncertainties that are disclosed in the financial statements.
- The extent to which the financial statements are affected by unusual transactions including nonrecurring amounts recognized during the period, and the extent to which such transactions are separately disclosed in the financial statements.
- The issues involved, and related judgments made, in formulating particularly sensitive financial statement disclosures.
- The factors affecting asset and liability carrying values, including the entity's basis for determining useful lives assigned to tangible and intangible assets.
- The selective correction of misstatements, for example, correcting misstatements with the effect of increasing reported earnings, but not those that have the effect of decreasing reported earnings.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Corrected Misstatements: We are to inform you of material corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no such misstatements.

Uncorrected Misstatements: We are to inform you of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. For your consideration, we have distinguished misstatements between known misstatements and likely misstatements. There were no such misstatements.

OTHER COMMUNICATIONS

Communication Item	Results
Other Information Included in an Annual Report Information may be prepared by management that accompanies or includes the financial statements. To assist your consideration of this information, you should know that we are required by audit standards to read such information and consider whether a material inconsistency exists between the other information and the financial statements. We are also to remain alert for indications that: • Material inconsistency exists between the other information and the auditor's knowledge obtained in the audit; or • A material misstatement of fact exists, or the other information is otherwise misleading. If we identify a material inconsistency between the other information and the financial statements, we are to seek a resolution of the matter.	We understand that management has not prepared other information to accompany the audited financial statements.
Significant Difficulties Encountered During the Audit We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.	There were no significant difficulties encountered in dealing with management related to the performance of the audit.
Disagreements with Management We are to discuss with you any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Company's financial statements or the auditor's report.	During our audit, there were no such disagreements with management.
Difficulties or Contentious Matters We are required to discuss with the Board of Directors any difficulties or contentious matters for which we consulted outside of the engagement team.	During the audit, there were no such issues for which we consulted outside the engagement team.
Circumstances that Affect the Form and Content of the Auditor's Report We are to discuss with you any circumstances that affect the form and content of the auditor's report, if any.	There are no such circumstances that affect the form and content of the auditor's report.
Consultations with Other Accountants If management consulted with other accountants about auditing and accounting matters, we are to inform you of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.	We are not aware of any instances where management consulted with other accountants about auditing or accounting matters since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.

Communication Item	Results
Representations the Auditor Is Requesting from Management We are to provide you with a copy of management's requested written representations to us.	We direct your attention to a copy of the letter of management's representation to us provided separately.
Significant Issues Discussed, or Subject to Correspondence, With Management We are to communicate to you any significant issues that were discussed or were the subject of correspondence with management.	There were no such significant issues discussed, or subject to correspondence, with management.
Significant Related Party Findings or Issues We are to communicate to you significant findings or issues arising during the audit in connection with the Company's related parties.	There were no such findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.
Other Findings or Issues We Find Relevant or Significant We are to communicate to you other findings or issues, if any, arising during the audit that are, in our professional judgment, significant and relevant to you regarding your oversight of the financial reporting process.	There were no such other findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.

We are pleased to serve your Company as its independent auditors and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities and would be pleased to discuss this letter or any matters further, should you desire. This letter is intended solely for the information and use of the Board of Directors, the Shareholder and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.

Crowe LLP

Crowe LLP

West Hartford, Connecticut
June 21, 2023

Crowe LLP
Independent Member Crowe Global

To the Board of Directors and Shareholder of
City Lights Insurance Company

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of City Lights Insurance Company (the Company) for the years ended December 31, 2022 and 2021, and have issued our report thereon dated June 21, 2023. In connection therewith, we advise you as follows:

a. We are independent certified public accountants with respect to the Company and conform to the standards of the accounting profession as contained in the Code of Professional Conduct and pronouncements of the American Institute of Certified Public Accountants and the Rules of Professional Conduct of the Connecticut State Board of Public Accountancy.

b. The engagement partner, who is a certified public accountant, has twenty-four years of experience in public accounting and is experienced in auditing insurance entities. Members of the engagement team, all of whom have had experience in auditing insurance entities and 50% of whom are certified public accountants, were assigned to perform tasks commensurate with their training and experience.

c. We understand that the Company intends to file its audited financial statements and our report thereon with the New York State Department of Financial Services (the Department) in which the Company is licensed and that the Superintendent of Insurance will be relying on that information in monitoring and regulating the financial condition of the Company.

   While we understand that an objective of issuing a report on the financial statements is to satisfy regulatory requirements, our audit was not planned to satisfy all objectives or responsibilities of the insurance regulators. In this context, the Company and the Superintendent of Insurance should understand that the objective of an audit of the financial statements in accordance with auditing standards generally accepted in the United States of America is to form an opinion and issue a report on whether the financial statements present fairly in all material respects, the financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States of America. Consequently, under auditing standards generally accepted in the United States of America, we have the responsibility, within the inherent limitations of the auditing process, to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud, and to exercise due professional care in the conduct of the audit. The concept of selective testing of the data being audited, which involves judgment both as to the number of transactions to be audited and the areas to be tested, has been generally accepted as a valid and sufficient basis for an auditor to express an opinion on financial statements. Audit procedures that are effective for detecting errors, if they exist, may be ineffective for detecting misstatements resulting from fraud. Because of the characteristics of fraud, a properly planned and performed audit may not detect a material misstatement resulting from fraud. In addition, an audit does not address the possibility that material misstatements caused by error or fraud may occur in the future. Also, our use of professional judgment and the assessment of materiality for the purpose of our audit means that matters may exist that would have been assessed differently by the Superintendent of Insurance.

It is the responsibility of the management of the Company to adopt sound accounting policies, to maintain an adequate and effective system of accounts, and to establish and maintain an internal control structure that will, among other things, provide reasonable but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America.

The Superintendent of Insurance should exercise due diligence to obtain whatever other information that may be necessary for the purpose of monitoring and regulating the financial position of insurers and should not rely solely upon the independent auditor's report.

d. We will retain the working papers prepared in the conduct of our audit until the Department has filed a Report on Examination covering 2022, but no longer than seven years. After notification to the Company, we will make the working papers available for review by the Department at the offices of the insurer, at our offices, at the Insurance Department or at any other reasonable place designated by the Superintendent of Insurance. Furthermore, in the conduct of the aforementioned periodic review by the Department, photocopies of pertinent audit working papers may be made (under the control of the accountant) and such copies may be retained by the Department. In addition, to the extent requested, we may provide the Department with copies of certain of our audit working papers (such as unlocked electronic copies of Excel spreadsheets that do not contain password protection or encryption). As such, these audit working papers will be subject to potential modification by the Department or by others. We are not responsible for any modifications made to the copies, electronic or otherwise, after they are provided to the Department and we are likewise not responsible for any effect that any such modifications, whether intentional or not, might have on the process, substance or outcome of your regulatory examination.

e. The engagement partner has served in that capacity with respect to the Company since 2016, is licensed by the Connecticut State Board of Accountancy with CPA mobility allowing for the signing of our opinion in the State of New York, and is a member in good standing of the American Institute of Certified Public Accountants.

f. To the best of our knowledge and belief, we are in compliance with the requirements of the rules and regulations of the New York State Department of Financial Services regarding qualifications of independent certified public accountants.

The letter is intended solely for the information and use of the Board of Directors, the Shareholder and the Department, and is not intended to be and should not be used by anyone other than these specified parties.

Crowe LLP

Crowe LLP

West Hartford, Connecticut
June 21, 2023

Crowe LLP
Independent Member Crowe Global

To the Board of Directors and Shareholder of
City Lights Insurance Company

In planning and performing our audit of the financial statements of City Lights Insurance Company (the Company) as of and for the year ended December 31, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting ("internal control") as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

This communication is intended solely for the information and use of management, Board of Directors, the Shareholder, and the New York Department of Financial Services and is not intended to be and should not be used by anyone other than these specified parties.

Crowe LLP

Crowe LLP

West Hartford, Connecticut
June 21, 2023

The engagement partner, Arthur M. Salvadori, has served in that capacity with respect to the Company since 2016.